

## **Be Savvy and Boost Your Credit Score**

If you blush when credit comes up in conversation, you're not alone. Almost two out of five American adults are embarrassed about their credit card debt, and 30% are [ashamed of their credit score](#), according to a poll by the National Foundation for Credit Counseling.

Having a good score isn't just about bragging rights. The better your score, the lower the interest rates you'll be offered on loans, which can save you thousands on a large purchase, such as a mortgage. If your score isn't something to boast about, here are five ways to raise it — and keep it high.

### **1. Assess the situation**

Knowing where you stand is the first step. Everyone is entitled to a one free credit report per year from each of the three major rating companies: TransUnion, Equifax and Experian. Request them at [AnnualCreditReport.com](#). Your credit *score* is different — and you may have to pay a small fee to get it — but it is informed by what's on your credit report. Review your credit reports, and [dispute any errors](#) you find.

### **2. Make on-time payments**

Lenders such as Cooperative Center Federal Credit Union assess the risk of loaning you money by looking at your credit score — and the largest share of your score is based on your payment history. Missing even one payment on a current or past debt, or paying late, doesn't look good to lenders.

### **3. Keep your debts minimal**

Taking on and paying off debt is a key part of building a credit score. But going overboard with spending is a pitfall. Keep your credit utilization ratio — your outstanding balances relative to your available credit — below 30% to maintain a good or excellent credit score. It's not a hard and fast rule, but it's a good target.

### **4. Don't overdo new credit, and hang on to old credit**

Opening a lot of new accounts around the same time can worry lenders. So avoid, say, financing a new car and applying for a couple of credit cards within a few weeks. And leave card accounts open after you pay them off, even if you don't use them regularly. The age of your accounts is another component of your credit score.

### **5. Diversify**

You can improve your score by proving that you can pay back both revolving and installment debt. The former is like a [credit card](#), which you pay off as you use it. The latter is debt like a car loan, which you pay back in monthly increments. Consider tackling your credit card debt with a personal loan to lower your credit utilization and improve your credit mix.

Having good credit will help you reach just about any financial goal you might have. But don't fret if yours isn't as good as you'd like. Your most recent financial activity has the greatest effect on your score, which means there's always another opportunity to get it back in shape.

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